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Deputy Helen Miles
Chair – Corporate Services Scrutiny Panel
BY EMAIL

9th September 2024

Dear Chair,

Re: Corporate Services Scrutiny Panel: Proposed Budget 2025 – 2028 Review

Thank you for your letter dated 16th August. Please see the below in answer to the Panel's questions:

- **A detailed list of the projects and/or workstreams that you will be undertaking in 2025**

For Revenue Jersey, the draft Budget (Government Plan) - pages 35 to 37 - outlines all the tax-policy projects which we expect to work on in 2025. The Comptroller has advised me that he expects his domestic tax-policy team to be subject to a significant loss of productivity due to expected parental leave during 2025. The priority will be to deliver work on Pillar 2 and Independent Taxation. More widely, our priorities are:

Financial Action Plan – to continue working to improve value for money for the services we provide to internal and external customers by implementing our Financial Action Plan.

Customer satisfaction – to make incremental improvements to customer experience scores and implement possible improvements, as identified in internal stakeholder customer satisfaction surveys conducted during 2024.

Improved strategic financial planning – to develop the financial element of the 2026-2029 Budget. Looking further, to improve strategic financial planning and the creation of an affordable and deliverable longer term capital plan as well as improving financial forecasting over a longer time period, to help inform decision making.

Support strategic projects – to support funding strategy creation for major and key projects and programmes across Government including the new Government Headquarters.

Support the New Health Facilities Funding Strategy – to support the successful lodgement of the New Health Facilities Funding Strategy, by identifying core requirements and acting as the key contact point between the Treasury Advisory Panel, our debt advisor and the Treasurer as well as drafting and presenting analysis and supporting assertions and providing expert advice to properly support the lodgement.

Financial advice and support - continued focus on prioritisation of resources and removing extraneous activities in order to deliver savings targets and improved service effectiveness across all departments of Government.

Continuous financial systems improvement and Connect Upgrade - delivery against the priority areas for the Connect Finance/Ariba Continuous Improvement Working Group will be the focus during 2025.

Debt Management – to progress debt management activity to reduce the crystallised debt outstanding. To deliver incremental improvements to the debt management processes for the collection of tax, social security and invoiced debt to improve the Government’s cash flow.

Deliver key tax changes - prepare for the election and collection of PYB from 2026 and payment from 2027. In 2025, the development of systems and processes to administer the collection of PYB will be progressed.

Debt Issuance - the long-term funding strategy for the hospital includes the issuance of up to £500m of long-term debt. Although the issuance of long-term debt is approved in the Budget, the revolving credit facility provides flexibility for when that long term debt will be issued, to allow Treasury to access the market at the most opportune time. Debt will be issued in line with the Debt Framework for Jersey to ensure a sustainable structure to meeting the Island’s needs whilst minimising the total funding costs over the medium to long-term, consistent with a prudent degree of risk, but at the same time retaining flexibility to react to unknown future events.

- **An outline of your legislative programme for 2025**

In respect of taxation, the Budget (Government Plan) 2026 will result in the lodging of the annual draft Finance (Budget 2026) (Jersey) Law 202- which will contain the usual measures to maintain and uprate tax rates and allowances. It is possible that legislation may be lodged in 2025 (either in the draft Finance Law or separately) to impose taxation on vaping and other matters outlined on pages 35 to 37 of the draft Budget (Government Plan) 2025.

Revenue Jersey will also be working closely with colleagues in External Relations to bring forward legislation relating to our international tax obligations, including revised Regulations in respect of the Common Reporting Standard and Assistance in Collection of UK tax debts.

- **A progress update in respect of any projects and/or workstreams agreed by the States Assembly as part of the Government Plan 2024-27 including:**

Where these are continuing in 2025:

- Tax measures described on pages 44 to 46 of the Government Plan 2024-2027 are largely carried over to pages 35 to 37 of the draft Budget (Government Plan) 2025-2028 as they are longer-term projects. Independent Taxation, of course, has passed a major milestone with the States’ adoption of Proposition P.6/2024.
- The Comptroller of Revenue provided an in-depth update on customer service metrics at the last quarterly hearing and will be reviewing the range of metrics for use in the 2025 Treasury & Exchequer Delivery Plan.

- The 2024 Compliance Programme has so far seen total revenue benefits of around £29.5 million. It must be stressed that these benefits are subject to audit in 2025 and include the value of “in-flight” corrections to 2023 tax returns as they are assessed as well as the outcome of compliance interventions with individual taxpayers based on our risk-assessment of historic tax returns from 2022 or earlier. The benefits also include prevention of revenue losses, for example and most typically, from the denial of improper repayment claims. Consequently, a number of adjustments occur at the end of the year and some benefits can only be fully analysed retrospectively after the year end.
- Insurance premiums: One of the aims of the new Government Insurance Strategy is to stabilise insurance premium spend following the increases experienced over the last couple of years. These increases have been primarily driven by medical liability and property related claims. The focus moving forward is on improving claims data and risk management practices which then supports decision making around Governments appetite for levels of self-insurance. In 2024 significant premium savings have been achieved on the Medical Malpractice policy by opting for increased levels of self-insurance.

Where these have been delayed and the rationale for this

Upgrade to Compendia - We are in protracted negotiations with the service supplier on the cost of upgrading the pension administration system Compendia. The respective committees of the Public Employees Pension Fund and the Jersey Teachers Superannuation fund are aware and are fully supportive. The negotiations aim to ensure that we receive a system that achieves the functionality required to provide our members with the service and support they expect from the pensions team. The cost of providing the pension administration system upgrade is being met out of the pension funds

Where these have been cancelled and the rationale for this

Not applicable.

• **An outline of any changes in policy direction or delivery for 2025 and the impact thereof**

Whilst there are no plans for significant changes in policy direction or delivery, the department continues to prioritise its work based on the level of resource available, with a focus on delivering the most impactful actions first.

• **An outline of any changes to staff posts and restructuring within your department and the anticipated resultant savings and impact on service delivery**

Alongside the current recruitment freeze, the department is committed to delayering management, tackling extraneous activity and reducing reliance on external resources, including consultants and contingent labour and instead developing local talent.

As part of the 2025 Budget, the department has been tasked, over the periods 2025 and 2026 with total staff savings of 25.0 FTEs alongside budget reductions of £1,009,000 and £1,513,000 respectively.

It is intended to improve value for money within the department for the services provided to internal and external customers by implementing our Financial Action Plan, which includes:

- delaying and curbing growth
- removing unnecessary bureaucracy
- ensuring the department is right-sized
- provide proportionate governance
- remove waste, and
- reduce reliance on expensive consultants.

Yours sincerely,



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